



CALPEEK

CALIFORNIA POLITICAL WEEK

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A THANKSGIVING VACATION BREAK FOR CALPEEK

We'll be off next week for Thanksgiving, but resume work on Dec. 2nd for **Calpeek's** final issue of the year, which will be dated Dec. 9th. Issue #44 will include the *Who's Hot & Who's Not* column – email your nominations to (Calpeek@aol.com). Here's wishing you a happy Thanksgiving holiday...



CALIF. BUDGET WARS: STATE FACES \$21 BILLION IN RED INK. DAVIS & GOP ALREADY AT WAR OVER FIX

Editor's note: On Nov. 14th Gov. Gray Davis(D) announced the elimination of 6,100 additional state jobs. The cost savings is estimated to be \$300 million. The next day Calif.'s Legislative Analyst Elizabeth Hill poured lots of cold water on Davis: Calif. faces a monster budget shortfall of about **\$21 billion** over the next 18 months unless Gov. Davis takes a meat cleaver to State spending. Here's our analysis & commentary...

...The \$21 billion in red ink comes from the current 2002-03 budget with a \$6 billion deficit and from a projection by Hill that the 2003-04 budget will be \$15 billion in deficit. Shortly after Hill's announcement, GOP Assembly Leader Dave Cox said his caucus would not support any proposed tax hikes by Davis or legislative Demos to balance the State's short fall. No shock there and with a few more GOP seats, it will be even tougher in 2003 to get 6-7 GOP votes to pass a budget with the required 2/3rds vote...

...The current \$99 billion budget was patched together by Davis with an eye toward *politics*, rather than fiscal discipline. At least that's the view of the GOP. Davis did manage to protect education, seniors, public safety & children's health care programs in the current budget, but now the cold hard truth will come home with a vengeance. These programs, as well as others not previously protected, could face across the board cuts as deep as 20%...

...Numerous pundits have their own solutions for a fix. *L.A. Times* columnist George Skelton floated at least 4 different ideas: roll back the VLF refund (car tax) to 1998 levels, saving \$3.8 billion; cut education in this year's budget by \$1.9 billion (it's over funded); hike the income tax on Calif.'s wealthiest individuals to raise \$3.3 billion; 4) And apply sales taxes to services, not just products...

...Good points, but the reality is that Cox is right: GOPers won't vote for tax hikes or new taxes. And if the Demos stick to their guns and demand new taxes as part of the budget fix, then Calif. is again headed to gridlock...

...*Calpeek solutions*. 1) Gov. Davis should cut spending 15-20% across the board – painful, but necessary; 2) do a major overhaul of Prop. 98; 3) establish a meaningful budget reserve; and 4) Gov. Davis should sponsor an initiative to kill the 2/3rds vote requirement to pass the budget and replace it with a **55%** vote requirement. This last point could start WWII with the GOP, but it's a great bargaining chip. Stay tuned...

CAMPAIGN 2002: CALPEEK'S WINNERS & LOSERS

Editor's note: Now for one of your favorite post-election columns: *Calpeek's Winners & Losers*. There is nothing objective about this column – so sit back, enjoy, scream or weep...

● **Big Winner** – Nationally, President George W. Bush and his chief White House political operative Karl Rove were the winners – hands down. In Calif., Demo AG Bill Lockyer led all down ballot candidates with 51%. Some might argue that L.A. Mayor Jim Hahn deserves this honor for his efforts in defeating Props. F/H and keeping L.A. the nation's 2nd largest city...

● **Big Mistake** – The new reapportionment plan. By playing it safe (incumbent protection for U.S. House and Calif. legislative seats), Demos & GOPers have insured dull, low-turnout elections for the next 10 years...

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● **Un-indicted Co-Conspirators** – If you're looking for reasons why the Calif. turnout was so lousy, look no further than *local tv news*. The tv stations were real quick to take the ad bucks, but for the most part provided very skimpy coverage of State & local politics and elections...

● **Demo Road Kill Award** – To Gov. Gray Davis. He may have won reelection, but his image has been battered and his standing with Calif. voters is in the dumps...

● **Longest Night Award** – To the Calif. Republican Party(CRP). The Demo sweep of all statewide offices means the CRP is still searching for the right combination of candidates & message. And unless the CRP can stop the internal feuding, Pres. Bush doesn't have a shot at getting Calif.'s 55 electoral votes in 2004...

● **Perfect Night Award** – To Demo campaign consultant Bill Carrick. He had Lockyer, Westly, Garamendi & O'Connell, as well as NO on F/H in L.A. City. He also had U.S. Rep. Lois Capps(D-Santa Barbara)...

● **Best Campaign Strategy** – Co-winners: AG Bill Lockyer(D) and State Treasurer Phil Angelides(D). Both stayed off tv and in the "Rose Garden" AND thus both saved their multi-million dollar warchests for 2006...

● **Worst Campaign** – Bill Simon Jr. He may have surged at the end, but overall this *accidental candidate* ran one of the worst, mistake-prone campaigns in Calif. political history...

● **The "What If" Award** – What if outgoing GOP Sec. of State Bill Jones had not pulled his 2000 endorsement of then TX Gov. George W. Bush to back U.S. Sen. John McCain for President? He might be Gov.-elect Bill Jones instead of soon-to-be private citizen...

● **Phoenix Award** – To former State Legislator, LG & Congressman Mervyn Dymally(D), *reelected* to the 52nd AD. Runner-up: former Assembly Speaker Curt Pringle (R), mayor-elect of Anaheim...

● **Best TV Spot(candidate)** – State Supt. of Public Instruction candidate Jack O'Connell. Lead consultant: Kaufman Campaign Consultants; media consultant: Bill Carrick...

● **Political Muscle Award** – To 2006 GOP wannabe Calif.'s governor Arnold Schwarzenegger and his *YES on 49* team: George Gorton (lead consultant); Mitch Mulanix (cmp. coordinator); and Sheri Annis (press secretary)...

● **Huge Win/Small Budget Award** – To the NO on Prop. 51 campaign. Outspent perhaps 20-to-1, co-directors of the NO on 51 campaign Lenny Goldberg & Joel Fox (*the political odd couple*) stayed focused on one message: 51 was nothing but pure pork barrel via the initiative...

● **Best Bang for the Buck** – To the NO on Prop. 52 campaign. Citizens & Law Enforcement Against Election Fraud stayed on message with a small budget vs. this big bucks EDVR initiative. A nice win for Gilliard, Blanning & Wysocki...

● **Best Local Campaign** – YES on Prop. N in San Francisco. Big winners: consultants Eric Jaye and Jim Ross. The 60% win puts YES on N sponsor S.F. Sup. Gavin Newsom in a prime spot to run for mayor in 2003...

● **Most Disappointed** – Lt. Gov. Bruce McPherson(R), who honestly thought he might have a shot at beating Demo LG Cruz Bustamante...

● **Plop Plop, Fizz Fizz Award** – To YES on D campaign in San Francisco, who once again attempted to screw PG&E with a costly idea. Big win for Solem & Associates, who handled the NO on D campaign...

● **Best Political Spin** – Easy winner here: Gov. Gray Davis' campaign. The political memos, news releases and spin never stopped flowing from Garry South and Roger Salazar...

● **Defeatedagain.com Award** – Close but no cigar to GOP State Sen. Tom McClintock, who for the 2nd time in eight years has been defeated for State Controller by a deep pocketed Democrat. Stay tuned...

CAMPAIGN 2002: MORE CALIF. ELECTION ANALYSIS

Editor's note: As *Calpeek* hit deadline there were still two Central Valley legislative contests too close to call. Here's our update & analysis...

☒ **Turnout** – It keeps creeping up. As of 8 a.m., Nov. 20th the turnout was **49.5%** or **7,588,195** raw votes. There are still some 150,860 absentee & provisional ballots left. Big chunks remain in L.A. County – 29,988 uncounted; Sonoma 21,000; Santa Clara 15,928; Orange 16,285; Marin 10,800; San Joaquin 12,991 and Placer 15,000. As noted in last week's *Calpeek*, the Calif. Legislature needs to take a new look at reporting requirements after an election for the 58 county registrars. The current process is way too slow...

☒ **Westly Wins Controller's Race** – At about 3 p.m., Nov. 18th, GOP State Sen. Tom McClintock conceded the CA Controller's race to Demo businessman Steve Westly. In percentages, Westly holds a 45.4% vs. 45.1% lead over McC. In raw numbers, as of 8 a.m., Nov. 20th, Westly's lead over McC was just 23,474. With this race now over, it means the Demos have swept all Statewide offices. This hasn't been done since 1882...

☒ **12th SD** – GOP businessman Jeff Denham has declared victory, but former Assemblyman Rusty Areias(D) has **not** conceded. As of 9 a.m., Nov. 19th, Denham was leading Areias by 1,825 votes, but sources say there are still about 4,000 uncounted AVs/provisional ballots. Depending who cast these ballots, this 12th SD contest could tighten up. It was certainly one of the most expensive State Senate races of all time: the Demos invested about \$5 million for Areias vs. more than \$3 million by GOPers for Denham...

... Truth is Areias had lots of old baggage. "Any Demo but Rusty could have won this seat," a GOP source told *Calpeek*. If the vote holds up, and that's still up in the air, it's a big win for the GOP Senate Caucus (increases their number from 14 to 15) and for lead consultant Johnson Clark & Assoc. On the other hand, if Areias manages to pull this one out, it's a big win for consultant Richie Ross. FYI: while GOP consultants McNally Temple & Assoc. didn't work on Denham's campaign, in 1996 they managed Bruce McPherson's campaign against Areias. Three of four old anti-Areias tv ads produced by MT&A from the McPherson campaign were recycled in this 12th SD race...

☒ **30th AD** – As *Calpeek* hit deadline, Demo candidate Nicole Parra held a 50.2% vs. 49.8% lead over GOPer Dean Gardner. In raw votes, the difference between the two is just 187. However, GOP attorneys have asked a judge to release the names and addresses of 154 people who voted by provisional ballot. The GOP wants to do their own "investigation." Adding to the ugly mix, as reported in both the *Fresno Bee* and the *Sacto Bee*'s Dan Walters, Parra may have to explain why CHP officers appeared at one of her fundraisers. State Sen.-elect Dean Florez(D-Shafter) has threatened to conduct a public hearing about this incident. Florez and Parra's father, Kern Co. Sup. Pete Parra, are political enemies and there's no love lost between Florez and Nicole either, despite the fact they both have the same campaign consultant, Richie Ross. Should Nicole Parra eventually win, some sources have suggested that Florez is now laying the ground for a brutal primary fight with Parra in 2004. Stay tuned...

CAMPAIGN 2004: CALIFORNIA INITIATIVE UPDATE
Editor's note: There are 2 initiatives currently in circulation. Three(3) measures have qualified for the Mar. 2, 2004 primary ballot; and one proposition has qualified for the Nov. 2, 2004 ballot. And there's a better than 90/10 chance voters will get another opportunity to vote on some kind of *open primary* in Calif. In circulation(below)...

<u>Initiative Name</u>	<u>Deadline</u>	<u>C/A or Statute</u>
Clemency Boards	1/21/03	C/A
Sale of Stocks	1/24/03	S

... In addition to the two initiatives, there's also a *referendum* in the works to overturn amendments to Judicial Summary Judgment procedure. The sponsor is Kirk West. He has until 12/9/02 to collect 419,260 valid signatures to qualify this referendum...

... There are two(2) initiatives pending at the AG's office: *The Ratepayer Revolt Initiative* by Lewis Fein; and *The Thomas Lomax Taxpayers' Protection Act* by Thomas Lomax...

◆ On the Mar. 2, 2004 ballot: 1) AB 16 (Hertzberg); K-University Public Education Facilities Bond Act of 2004. It's the \$12.3 billion second half of Prop. 47's \$13 billion bond; 2) ACA 11 (Richman) – infrastructure finance; 3) *Classification By Race, Ethnicity, Color or National Origin* – constitutional amendment by Kevin Nguyen, but the key sponsor is UC Regent Ward Connerly. This is a very controversial initiative and one which will stimulate a big voter turnout...

◆ Not making the Mar. 2, 2004 ballot was the Homeowner & Renters Tax Relief Act, sponsored by the Howard Jarvis Taxpayers Assn. and GOP gubernatorial candidate Bill Simon. The mid-summer set backs in the Simon campaign took a toll...

◆ On the Nov. 2, 2004 ballot: SB 1856 (Costa); this is the multi-billion *Safe, Reliable High-Speed Passenger Train Bond Act of the 21st Century*. It's a \$9 billion bond, at this point...

◆ *Open Primary Revisited* – In the works to make the November 2004 ballot is another version of Prop. 198, approved by voters in 1996, but declared unconstitutional by the U.S. Supreme Court in 2000. Key groups backing this new version of 198 are the Calif. Business Roundtable and the Calif. Chamber of Commerce. Under this proposal, the two (2) candidates who receive the most votes, regardless

of party, face off in a general election – *a la Louisiana*. It's a concept that could help boost voter turnout, but it does have other problems...

...At the Statewide level, this particular plan would totally screw 3rd party candidates. At the U.S. House and Calif. legislative level it is possible a few 3rd party candidates could make it to the general election. Given the way the Green Party took votes away from Demo statewide candidates, perhaps the CA Demo Party(CDP) should think twice before opposing this new open primary. The CA Republican Party (CRP) will be opposed, because the real objective of any type of open primary is to help GOP moderates at the expense of GOP conservatives. The 2000 GOP primary in Orange Co. showed why moderates favor an open primary system: Assemblymembers Lynn Daucher and Tom Harman owe their political lives to cross-over Demo and independent voters...

...The big question: where does Pres. George W. Bush stand on the open primary? He didn't like the open primary in 2000 when he ran for president. Cross-over voters in New Hampshire and Michigan almost cost him the nomination. Another question: will the CRP or the CDP put up the \$\$\$ to oppose another open primary initiative? In 1996, ex CRP Chair John Herrington & ex CDP Chair Bill Press did a 3-city news conference announcing their opposition to 198, but failed to put any serious \$\$\$ behind a NO on 198 campaign. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **GOP Post-Nov. 5th Circular Firing Squad** – Even though there were a few bright spots for the CA Republican Party(CRP) in the Nov. 5th Calif. election – a pickup of a few legislative seats – the nasty backbiting and ambushing continues non-stop. First there was ex-Simon staffer Jamie Fisfis dumping all over Simon consultants Rob Lapsley & Sean Walsh; followed by Rob Stutzman's rebuttal attack against Fisfis. Some of Calpeek's neutral GOP sources agree with the Fisfis assessment, but think he should have kept his mouth shut. Enter the Orange Co.-based New Majority, a coalition of GOP moderates who say the CRP needs to back away from its pro-life stand and recruit more women to run for office. That won't sit well with the conservatives who control the CRP...

■ **Calif.'s Public Debt** – In the Oct. 28th issue of Calpeek we noted that as of 8/31/02 Calif.'s public debt stood at \$39,425,394, 991. The newest update from the

Calif. Debt & Investment Advisory Commission shows the State's debt at **\$43,161,865,467** as of 9/30/02. It breaks down this way: State bonds \$14.8 billion; local issues \$27.3 billion; and student loans \$938 million...

■ **GOP U.S. House Leadership Team** – As Calpeek hit deadline last week, the Republicans reelected Dennis Hastert as Speaker; Tom DeLay of Texas moves up from Whip to Majority Leader; Roy Blunt(MO) is the new Whip; and Calif.'s John Doolittle is the Conference Secretary. Conference Chair is Deborah Pryce(OH), while Chris Cox of Orange Co. remains as Policy Chair...

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● A sad note: Don Rose, a former chair of the L.A. Co. Demo central cmt. (1954-62) and COS to former Lt. Gov. Glenn Anderson(D), died Oct. 14 of natural causes. He was 94. R.I.P...

● Harvey Englander has been appointed to the Board of Director of the Amer. Heart Assn. in L.A. Co. Englander is a Sr. VP with the MWW Group...

● Michael J. Schroeder has relocated his law offices to 1851 E. First St., Ste. 1160, Santa Ana, CA 92705. New phone (714)647-6488...

● GOP campaign consultant Jeff Flint has opened his own firm – Flint Communications in Sacramento. (916) 928-0250. Email Jeff@Flint-Communications.com...

● GOP campaign consultant Tony Russo has opened his own firm – Voter Connect Communications. It's located at 2377 Gold Meadow Way, #210, Gold River, CA 95670. (916)526-2775...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Dec. 3-7	Nat'l League of Cities, Salt Lake City, UT
Dec. 10	S.F. muni runoff election.
Jan. 15-18	AAPC annual conference, Wash. DC
Jan. 15	Regional Council of Rural Counties annual dinner, Sheraton Grand Hotel, Sacramento.
Feb. 20	DNC meeting – Hyatt on the Hill, Wash. DC
Feb. 21-23	CA Republican Party state convention, Hyatt Hotel, Sacramento.
Mar. 4	L.A. muni election.
Mar. 14-16	CA Democratic Party state convention, Sacramento.
May 20	L.A. muni runoff election.